



## INCREASE PREVAILING WAGE THRESHOLD

### BACKGROUND:

Pennsylvania's Prevailing Wage Act was adopted in 1961 and amended in 1963 to establish rates for workers on public construction projects that are \$25,000 or more\* being offered by the state, municipalities, school districts and related authorities. Prevailing Wage is overseen by the Secretary of Labor & Industry based on the employee classification for the work done in that trade (i.e., plumber, carpenter, etc.).

The Prevailing Wage Law has maintained the same threshold as when it was originally enacted nearly 65 years ago but it has been amended to expand how it applies to projects and classification of employees. It has not kept up with the cost of inflation in current dollars in the same way that minimum wage has tried to reflect inflation over time. Minimum wage has been updated 4 times since enacted in 1968 (raised to \$3.35 in 1968; \$4.25 in 1992; \$5.15 in 1998 and \$7.25 in 2009). The overall Prevailing Wage rate has not been increased in that same period of time.

*\* The federal government has its own prevailing wage requirements set under Davis Bacon Act for federal projects.*

### CURRENT CHALLENGE:

Since Prevailing Wage applies to all public construction over \$25,000 there is no difference in how employees are paid regardless of participation in a union or not in a union. The threshold does often affect the types of projects that fall under prevailing wage. As an example, a school may need to have a basic parking lot resurfacing or line painting; or a that same school may need to replace outdated or lead-based water pipes. Meanwhile, larger scale projects like building a new school will always have Prevailing Wage driving the project, which no one is objecting to in the construction industry.

Increasing the Prevailing Wage threshold increases the purchasing power of the public body that needs to contract the construction work. This allows them to have more leverage in the contract and be the best stewards of taxpayer dollars. For this reason, increasing prevailing wage is supported by many local government groups like school boards, townships, boroughs, and counties as they recognize the benefit such a change brings to their constituents and those of state legislators.

If prevailing wage is adjusted for inflation from its original threshold of \$25,000, it would now have a threshold of \$250,000 in modern 2025 dollars.

### SOLUTION:

The Prevailing Wage Act should be amended to increase the threshold to \$250,000 effective immediately.



**Manheim Office**  
135 Shellyland Rd.  
Manheim, PA 17545

**Nittany Valley Office**  
898 N. Eagle Valley Rd.  
Howard, PA 16841

**Harrisburg Office**  
800 North Third St., Suite 407  
Harrisburg, PA 17102

**ABCKEYSTONE.ORG**